

# **EU GSP rules of origin for LDCs**

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# GSP Rules of Origin Legal Framework

**Commission Regulation (EEC)**

**No 2454/93**

– **Customs Code Implementing Provisions (CCIP),  
as amended by Commission Regulation (EU)**

**No 1063/2010 of 18 November 2010**

**Apply from 1 January 2011 (with the  
exception of the provisions governing the  
implementation of the REX system)**

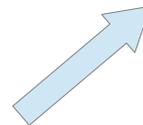
# Elements of the reformed GSP RoO

Appropriate rules for determining the acquisition of origin

## Simple origin determination criteria

a maximum permitted content of non-originating materials

ex Chapter 44	Wood and articles of wood; wood charcoal; except for:	Manufacture from materials of any heading, except that of the product <i>or</i> Manufacture in which the value of all the materials used does not exceed 70 % of the ex-works price of the product
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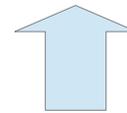
Introduction of an added value rule for chapter 44 with a threshold of 70 % of non originating materials

# Appropriate rules for determining the acquisition of origin

## Simple origin determination criteria

### change of tariff heading or sub-heading

Chapter 79	Zinc and articles thereof	Manufacture from materials of any heading, except that of the product
Chapter 80	Tin and articles thereof	Manufacture from materials of any heading, except that of the product
Chapter 81	Other base metals; cermets; articles thereof	Manufacture from materials of any heading



Simplification of the rules

# Appropriate rules for determining the acquisition of origin

## Simple origin determination criteria

### Working or processing operations

*Textiles and clothing: updated double-stage processing  
(expanded list of eligible processes) for non-LDCs; manufacture  
from fabric for LDCs*

ex Chapter 62	Articles of apparel and clothing accessories, not knitted or crocheted; except for:	(a) LDCs  Manufacture from fabric	(b) Other beneficiary countries  Weaving accompanied by making-up (including cutting)  or  Making-up preceded by printing accompanied by at least two preparatory or finishing operations (such as scouring, bleaching, mercerising, heat setting, raising, calendaring, shrink resistance processing, permanent finishing, decatizing, impregnating, mending and burling), provided that the value of the unprinted fabric used does not exceed 47,5 % of the ex-works price of the product (7) (9)
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# Appropriate rules for determining the acquisition of origin

## Enhanced cumulation of origin

- Cumulation of origin with industrial goods originating in Norway and Switzerland, extended to Turkey
- A new type of cumulation: extended cumulation with industrial goods
- A new group for regional cumulation : MERCOSUR (Argentina, Uruguay, Paraguay, Brasil)
- A new possibility of « cross - regional » cumulation between the regional groups I and III

# Appropriate rules for determining the acquisition of origin

## Improvements in general provisions

- Replacement of the direct transport rule with a more flexible non manipulation principle (Article 74);
- Removal of the crew requirement in the definition of "its vessels" for fishery products captured outside territorial waters to be considered as wholly obtained (Article 75-2);
  - Relaxation (from 10 to 15%) and the adaptation to sectorial specificities of the general tolerance rule, from now on expressed as a percentage of weight for agricultural products (Article 79);
    - Derogations.

## “Non-manipulation” clause (Article 74):

*The products declared for release for free circulation in the European Union shall be the same products as exported from the beneficiary country in which they are considered to originate. They shall not have been altered, transformed in any way or subjected to operations other than operations to preserve them in good condition, prior to being declared for release for free circulation.*

*Compliance with this provision **shall be considered as satisfied unless** the customs authorities have reason to believe the contrary; in such cases, the customs authorities may request the declarant to provide evidence of compliance, which may be given **by any means**.*

## Appropriate rules for determining the acquisition of origin

### Improvements in general provisions

Removal of the crew requirement in the definition of "its vessels" for fishery products captured outside territorial waters to be considered as wholly obtained (Article 75-2 - CCIP)



Reflect the reality of the economic sector.

Vessels conditions which allow fishery products to be considered as originating or not, are simplified.

## Appropriate rules for determining the acquisition of origin

### Improvements in general provisions

Relaxation (from 10% to 15%) and the adaptation to sectorial specificities of the general tolerance rule, from now on expressed as a percentage of weight for agricultural products (Article 79 – CCIP)



Tolerance rule is relaxed from 10% to 15%.  
Tolerance is expressed either in weight or in ex-works price

# Appropriate rules for determining the acquisition of origin

Improvements in general provisions/list rules

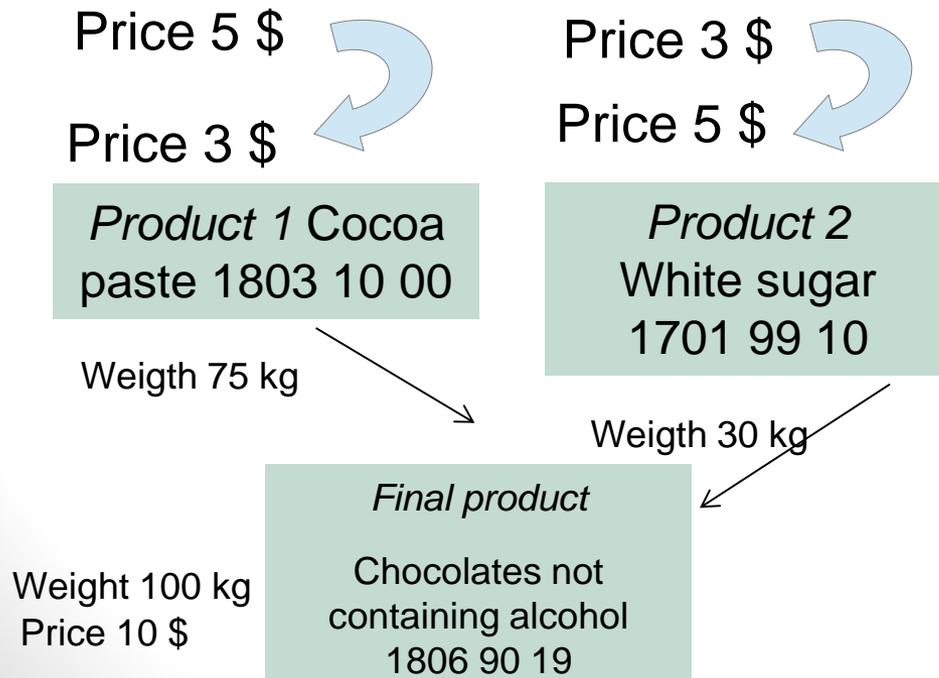
Tolerance rule expressed as a percentage of weight for agricultural products

**Example of product containing sugar**

# Tolerance in value and in weight in rules of origin. How does it work?

Existing rule of origin for Chapter 18:  
manufacture:

**Tolerance in value** From materials of any heading, except that of the product, and -in which the value of all the materials of Chapter 17 used does not exceed 30% of the ex-works price of the product



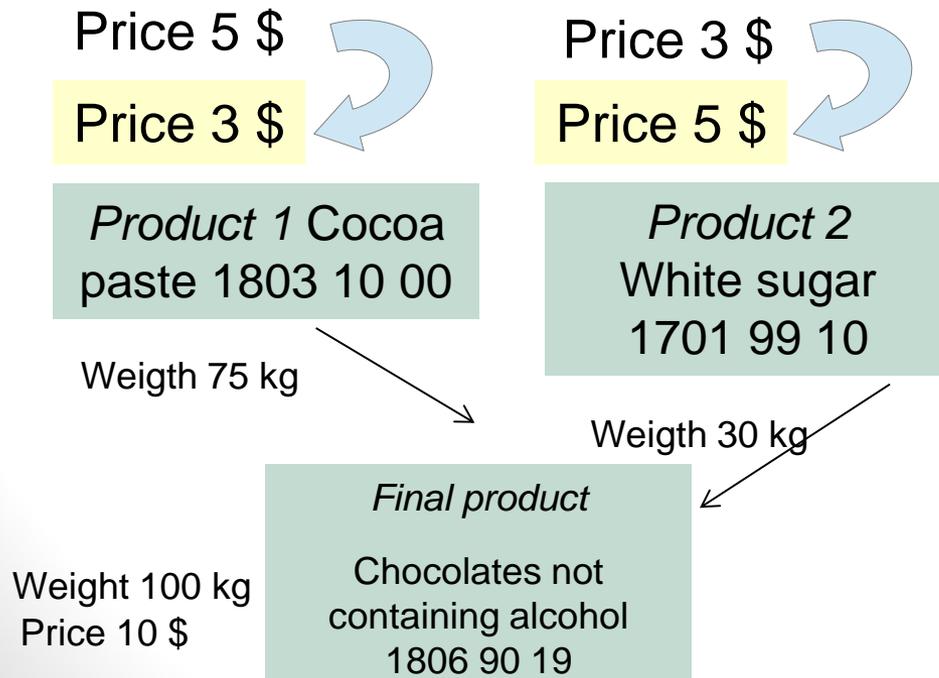
3\$ paid for white sugar = 30% of 10\$ → all sugar can be non-originating  
After prices have changed, 5\$ paid for white sugar = 50% of 10\$ → 20% of sugar used need to be originating

If price for materials of Ch 17 in the world market increases, it becomes more difficult to meet the rule of origin.

# Tolerance in value and in weight in rules of origin. How does it work?

## Tolerance in weight

Rule of origin for Chapter 18 in the new GSP:  
Manufacture: [...] in which the individual weight of sugar does not exceed 40% of the weight of the final product [...]



30 kg at price of 3\$ → all sugar can be non-originating (30 kg < 40% of 100 kg weight → the rule is met)  
30 kg at price of 5\$ → all sugar can be non-originating (30 kg < 40% of 100 kg weight → the rule is met)

Compliance with rules of origin is unaffected by price fluctuations of raw materials; weight is more objective and easier to monitor

# Appropriate rules for determining the acquisition of origin

## Improvements in general provisions

### Derogations

Beneficiary countries might apply for derogations from standard rules of origin in case of natural catastrophes and on economic grounds.

The EU will equally be able to grant derogations on its own initiative. Such derogations are temporary and are subject to quantitative limitations.

Example of available derogation from GSP rules of origin: certain processed fish products manufactured in Cape Verde (Commission Regulation (EC) No 815/2008 of 14 August 2008, as amended).

# *Product Specific Rules for LDCs*

*Specific treatment is granted to least developed countries (LDCs) compared to other beneficiary countries.*



*The EU introduced a differentiation to the benefit of LDCs at the level of the applicable GSP rules of origin. Until now, only the preference made available to LDCs was more favourable. Now, the rules of origin themselves specifically target and contribute to the specific needs of LDCs.*

# *Product Specific Rules for LDCs*

Since LDCs tend to export mainly **textiles, clothing, footwear, processed agricultural and fisheries** products, the relaxation of the rules of origin is focused on these products.

# *Product Specific Rules for LDCs*

## **1. PROCESSED AGRICULTURAL PRODUCTS**

Specific relaxed rules for LDCs for processed agricultural products (for example, for HS Chapters 29, 33, 35, 38) which allow the use of non-originating materials **up to 70%** of the ex-works price of the product. This possibility did not exist in the past.

# *Product Specific Rules for LDCs*

## **2. TEXTILES**

- The rules for textiles foresee single transformation for LDCs, instead of double transformation available in the past.
- The recognition of the single-step transformation for textiles should diminish the need to apply for derogations from rules of origin for certain LDCs who are exporters of textile products.

# *Product Specific Rules for LDCs*

## **3. INDUSTRIAL PRODUCTS (MACHINERY, CARS, MOTORCYCLES...)**

- Specific relaxation of the rules for LDCs.
- Mainly, the relaxation takes the form of the possibility to integrate a higher threshold of 70% of "foreign" content.

## Reform of the GSP scheme

- Regulation No 978/2012 of 25.10.2012 (OJ No L 303 of 31.10.2012)
- Enters into force on 20.11.2012, applies from 01.01.2014
- Consequences on the GSP rules of origin: adaptation of the rules in the Customs Code Implementing Provisions (Regulation No 2454/93)

GSP  
*CURRENT CERTIFICATION SYSTEM*

## GSP – proofs of origin of goods issued in beneficiary countries

- *Certificates of origin Form A issued by the competent authorities and*
- *Invoice declarations made out by exporters – the value of the consignment cannot exceed EUR 6 000.*

## GSP – proofs of origin of goods issued in EU MS (Article 97v)

- *Movement certificate of origin EUR.1*
- *Invoice declarations made out by exporters – the value of the consignment cannot exceed EUR 6 000;*
- *Invoice declarations made out by the approved exporters – regardless of the value of the consignment.*

# GSP NEW CERTIFICATION SYSTEM

# *New certification system – Legal basis*

Regulation (EEC) No 2454/93, its Part I, Title IV, Chapter 2

- **Sub-section 1** – General provisions
    - Article 69 – an "electronic data base" of registered exporters to be established by the Commission;
  - **Sub-sections 5, 6, 7** – Procedures at export in BC:
    - Article 92 – an application to be lodged by an exporter;
  - **Article 97i** – Bilateral cumulation
  - **Annexes 13c and 13d** – Application to become registered exporter and Statement on origin
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- **Article 2(2) + Article 3(2)** of Regulation (EU) No 1063/2011 – REX operational as of **1 January 2017** – examination of state of readiness of BC

*REX*

## GENERAL OVERVIEW

## REX – new certification rules

- *Self-certification system;*
- *Exporters will issue statements on origin:*
  - **registered** exporters – *if the value of the consignment exceeds EUR 6 000 and*
  - *non-registered exporters – if the value of the consignment does not exceed EUR 6 000;*
- *Applicable – **1 January 2017** (exemption under certain conditions: 1 January 2020)*

## Introduction of the new certification system from 2017

- Certification of origin on Form A by the authorities for each consignment abandoned
- Registered exporters will make out statements on origin themselves and send them to their customer in the Union
- From 2017 onwards exporters will directly provide their customers with statements on origin.
- Statements on origin may be in electronic format
- Registration will be simple and one-off
- Authorities will no longer certify origin at export but concentrate on subsequent targeted post-export controls

# REX– registration of an exporter

- *Registration at the request of an exporter – Article 92 of Regulation 2454/93;*
- *Exporters will be registered:*
  - *in BC – by the competent governmental authorities (Article 68 and 69);*
  - *in EU member states (MS) – by the competent customs authorities (Article 97i);*
- *REX number is assigned to the exporter – when the application is accepted by the national authority (NA) in MS or BC responsible for the registration (Article 91(2) and (3)).*

## **More information is available on:**

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/rules\\_origin/preferential/article\\_781\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/rules_origin/preferential/article_781_en.htm)

## **GSP rules of origin user's guide:**

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/rules\\_origin/preferential/article\\_839\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/rules_origin/preferential/article_839_en.htm)

# Thank You for your attention!

## Questions?

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